

HORNBACH Holding AG & Co. KGaA
Group

Q3/9M
2023/24

Quarterly Statement
as of November 30, 2023

HORNBACH 
Holding

HORNBACH HOLDING AG & CO. KGAA GROUP

Statement on Q3 and 9M of 2023/24 (March 1 – November 30, 2023)

Key figures of the HORNBACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	Q3	Q3	Change	9M	9M	Change
	2023/24	2022/23	in %	2023/24	2022/23	in %
Net sales	1,485.2	1,546.3	(4.0)	4,926.5	5,009.7	(1.7)
of which: in Germany	763.9	803.7	(5.0)	2,535.0	2,626.0	(3.5)
of which: in Other European Countries	721.3	742.7	(2.9)	2,391.5	2,383.6	0.3
Like-for-like sales growth (DIY) ¹⁾	(4.3)%	7.2%		(2.2)%	3.4%	
Gross margin as % of net sales	33.4%	32.4%		33.3%	33.3%	
EBITDA	104.0	102.0	2.0	435.4	486.6	(10.5)
EBIT	49.5	48.9	1.2	251.5	324.8	(22.6)
Adjusted EBIT²⁾	48.1	48.9	(1.7)	269.4	326.3	(17.4)
Consolidated earnings before taxes	39.7	36.6	8.5	214.5	297.2	(27.8)
Consolidated net income ³⁾	29.3	26.7	9.9	162.9	224.0	(27.3)
Basic/diluted earnings per share (€)	1.76	1.71	3.0	9.59	13.08	(26.7)
Capital expenditure (CAPEX)	57.5	44.4	29.6	149.2	158.6	(5.9)

Misc. key figures of the HORNBACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	November 30, 2023	February 28, 2023	Change
			in %
Total assets	4,407.4	4,725.8	(6.7)
Shareholders' equity	1,988.0	1,897.1	4.8
Shareholders' equity as % of total assets	45.1%	40.1%	
Number of employees ⁴⁾	24,903	25,118	(0.9)

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

¹⁾ Like-for like sales net of currency items; includes sales at all stores that have been open for at least one year and online sales

²⁾ Adjusted to exclude non-operating income and expenses

³⁾ Including minority interests pursuant to IFRS

⁴⁾ Including passive employment relationships

Key Earnings Figures Stabilize Further in Q3

- Consolidated sales decrease by 4.0% to € 1,485.2 million in third quarter (Q3) of 2023/24 (2022/23: € 1,546.3 million)
 - Net sales at HORNBACH Baumarkt Subgroup: -3.5%
 - Net sales at HORNBACH Baustoff Union Subgroup: -10.6%
- Gross margin benefits from falling commodity and procurement prices and rises to 33.4% in Q3 (2022/23: 32.4%)
- At € 48.1 million, adjusted operating earnings (EBIT) in Q3 fall slightly short of previous year's figure (€ 48.9 million) – adjusted EBIT for 9M falls by 17.4% to € 269.4 million (2022/23: € 326.3 million)
- Earnings before interest, taxes, depreciation and amortization (EBITDA) in Q3 up 2.0% to € 104.0 million (2022/23: € 102.0 million)
- Full-year guidance for 2023/24 confirmed at middle to lower end of range published on September 15, 2023

The third quarter (Q3) of 2023/24 (September 1 to November 30, 2023) was characterized on the one hand by a slight decline in the sales performance due to lower average purchases and customer hesitation as to larger-scale DIY projects. On the other hand, thanks to lower procurement prices the company was able to improve its gross margin in the third quarter. Furthermore, despite higher levels of pay HORNBAACH's successful cost management enabled it to slightly reduce its overall store operation and administration expenses.

Consolidated net sales in Q3 fell year-on-year by 4.0% to € 1,485.2 million (2022/23: € 1,546.3 million). The first nine months (9M) of 2023/24 (March 1 to November 30, 2023) witnessed a 1.7% reduction in sales to € 4,926.5 million (2022/23: € 5,009.7 million). Net sales at the largest operating Subgroup, HORNBAACH Baumarkt AG, decreased by 3.5% in Q3 2023/24 and by 4.3% on a like-for-like basis and net of currency items. Due to the ongoing weakness of the construction sector, sales at the HORNBAACH Baustoff Union Subgroup showed a reduction of 10.6% in Q3.

At € 48.1 million, the HORNBAACH Group's operating earnings excluding non-operating earnings items (adjusted EBIT) for Q3 2023/24 fell only slightly short of the previous year's figure (€ 48.9 million). This was thanks to an improvement in the gross margin and lower costs. Adjusted EBIT for 9M 2023/24 declined by 17.4% to € 269.4 million (2022/23: € 326.3 million). At € 1.76, Q3 earnings per share were ahead of the figure for the previous year's quarter (€ 1.71). For 9M 2023/24, earnings per share amount to € 9.59 (2022/23: € 13.08).

The full-year sales and earnings guidance for 2023/24 has been confirmed. Based on its nine-month results, the company expects its sales and adjusted EBIT to reach the middle to lower end of the range published on September 15.

Earnings, Financial, and Asset Position

Seasonal and calendar-related factors

The first months of the 2023/24 financial year were marked by an unusually cold and rainy start to the spring season in March and April in those countries in which HORNBAACH operates. This had a significant negative impact on demand for garden products in particular in these months. From May, sunny weather then influenced sales positively, especially in the garden division. The summer and fall months of 2023 were once again warmer and sunnier than average in the countries in which we operate, with very sunny weather, and thus good conditions for DIY, lasting until October in some areas. The fall ended on an unusually rainy note, which held back demand for garden products in particular.

The Group-wide number of business days in Q3 2023/24 was unchanged on the equivalent period in the previous year. Cumulatively for the nine-month period in 2023/24 (March 1 to November 30, 2023), there were 0.7 business days fewer than in 2022.

Sales performance of the HORNBAACH Group

The HORNBAACH Holding AG & Co. KGaA Group (HORNBAACH Group) comprises the HORNBAACH Baumarkt AG, HORNBAACH Baustoff Union GmbH, and HORNBAACH Immobilien AG Subgroups.

The HORNBAACH Group's net sales fell by 4.0% to € 1,485.2 million in the third quarter (September 1 to November 30, 2023) of the 2023/24 financial year (2022/23: € 1,546.3 million) and by 1.7% to € 4,926.5 million in the first nine months (2022/23: € 5,009.7 million).

HORNBAACH Baumarkt AG Subgroup

No new DIY stores and garden centers were opened in the third quarter of 2023/24. Our store in Nuremberg was closed on November 13, 2023 and is due to be rebuilt and enlarged at the same location. The reopening is scheduled for early 2025. As of November 30, 2023, the HORNBAACH Group therefore operated 171 retail outlets with total sales areas of 2.05 million m². Of these, 98 are in Germany and 73 in Other European Countries.

In Q3 2023/24, HORNBACH Baumarkt AG acquired 100% of the shares in Seniovo GmbH, a Berlin-based startup specializing in barrier-free bathroom conversions. The cooperation with Seniovo will boost the trade service already operated by the Subgroup in Germany and will enable HORNBACH to access the growth market for age-appropriate renovation. The company will be consolidated from December 1, 2023. The acquisition made in the 2023/24 financial year has no material implications for the business, earnings, or financial situation of the HORNBACH Group.

Net sales at the Subgroup decreased by 3.5% to € 1,380.6 million in Q3 2023/24 (2022/23: € 1,430.4 million). On a like-for-like basis and net of currency items [[Brief Glossary](#) on Page 9], net sales fell by 4.3% in Q3 2023/24 (2022/23: plus 7.2%). Including currency items in non-euro countries, i.e. the Czech Republic, Romania, Sweden, and Switzerland, the reduction stood at 4.2% (2022/23: plus 8.0%).

In the Germany region, net sales declined by 4.2% to € 661.7 million (2022/23: € 690.7 million). In the period from January to October 2023, the market share of the HORNBACH Baumarkt Subgroup in Germany calculated by the GfK for the calendar year stood at 15.0% (2022/23: 14.9%).

In the Other European Countries region, net sales decreased to € 718.9 million, down 2.8% on the previous year's quarter (2022/23: € 739.6 million). Based on GfK calculations, in the period from January to October 2023 HORNBACH increased its market share to 26.9% in the Netherlands (2022/23: 25.8%), to 14.1% in Switzerland (2022/23: 13.6%), and to 36.2% in the Czech Republic (2022/23: 34.3%). At 17.5%, the company's market share in Austria fell slightly short of the previous year's figure (17.9%). No GfK sector data is available for the other countries in which HORNBACH operates.

In 9M 2023/24, the Subgroup's net sales fell by 1.3% to € 4,608.7 million (2022/23: € 4,667.1 million). The international share of the Subgroup's nine-month sales stood at 51.7% (2022/23: 50.9%). On a like-for-like basis and net of currency items, sales decreased by 2.2% in 9M 2023/24 (2022/23: plus 3.4%); including currency items, they fell by 2.1% (2022/23: plus 4.2%).

Like-for-like sales performance¹⁾ (in %)

Financial year	1 st Quarter	2 nd Quarter	3 rd Quarter	9 Months
HORNBACH Baumarkt AG Subgroup: 2023/24	(3.2)	1.0	(4.3)	(2.2)
HORNBACH Baumarkt AG Subgroup: 2022/23	5.3	(1.7)	7.2	3.4
Germany: 2023/24	(5.7)	0.3	(5.0)	(3.5)
2022/23	4.4	(2.9)	7.8	2.9
Other European Countries: 2023/24	(0.8)	1.6	(3.6)	(0.9)
2022/23	6.2	(0.6)	6.7	4.0

¹⁾ Excluding currency items

The online business (including click & collect) posted a reduction of 13.0% to € 171.0 million in Q3 (2022/23: € 196.7 million). In 9M 2023/24, online sales fell by 12.0% to € 596.0 million (2022/23: € 677.1 million). The online share of total sales amounted to 12.9% (2022/23: 14.5%) and was thus still significantly ahead of the pre-pandemic figure of 9.7% in 2019/20.

HORNBACH Baustoff Union GmbH Subgroup

The HORNBACH Baustoff Union GmbH (HBU) Subgroup, which focuses on the needs of professional customers in the main construction and subconstruction trades, as well as on private construction clients, currently operates 39 builders' merchant outlets, of which two locations close to the border in France (Grand Est) and 37 in south-western Germany. Due to the ongoing weakness of the construction sector, sales at the HBU Subgroup fell by 10.6% to € 104.3 million in the third quarter of 2023/24 (2022/23: € 116.6 million). Cumulative net sales for the first nine months decreased by 7.6% to € 317.2 million (2022/23: € 343.2 million).

Earnings performance

The following information refers to the earnings performance of the overall HORNBACH Holding AG & Co. KGaA Group.

Key figures of the HORNBACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	Q3	Q3	Change	9M	9M	Change
	2023/24	2022/23	in %	2023/24	2022/23	in %
Net sales	1,485.2	1,546.3	(4.0)	4,926.5	5,009.7	(1.7)
Gross profit	495.8	500.5	(0.9)	1,642.9	1,667.6	(1.5)
Gross margin as % of net sales	33.4%	32.4%		33.3%	33.3%	
EBITDA	104.0	102.0	2.0	435.4	486.6	(10.5)
Earnings before interest and taxes (EBIT)	49.5	48.9	1.2	251.5	324.8	(22.6)
Non-operating income	(2.0)	0.0		(5.3)	(0.2)	
Non-operating expenses	0.5	0.0		23.2	1.7	
Adjusted EBIT	48.1	48.9	(1.7)	269.4	326.3	(17.4)
Consolidated earnings before taxes (EBT)	39.7	36.6	8.5	214.5	297.2	(27.8)
Consolidated net income	29.3	26.7	9.9	162.9	224.0	(27.3)
Store expenses as % of net sales	25.6	24.6		24.0	22.9	
Pre-opening expenses as % of net sales	0.1	0.1		0.1	0.1	
Administration expenses as % of net sales	4.8	4.7		4.4	4.1	

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

3rd quarter of 2023/24 (September 1 to November 30, 2023)

- The € 61.1 million reduction in third-quarter sales was largely offset by the increase in the **gross margin** [↪ **Brief Glossary** on Page 8] by one percentage point (33.4%; 2022/23: 32.4%) due to lower procurement prices. As a result, gross profit decreased by just 0.9% to € 495.8 million (2022/23: € 500.5 million).
- Overall, selling and store expenses eased by 0.3% to € 379.9 million (2022/23: € 380.9 million). While store personnel expenses rose year-on-year by 2.3% due to the Group's expansion, pay rises, and inflation compensation payments, operating expenses decreased (-0.9%). Due to items being rescheduled between individual quarters, advertising expenses also fell short of the previous year's figure in Q3 (-15.6%). Depreciation and amortization showed a slight increase of 2.7%. The **store expense ratio** [↪ **Brief Glossary** on Page 8] stood at 25.6% (2022/23: 24.6%).
- Pre-opening expenses decreased from € 1.3 million to € 0.9 million in the third quarter of 2023/24, resulting in an unchanged **pre-opening expense ratio** [↪ **Brief Glossary** on Page 8] of 0.1%.
- Thanks to strict cost management despite pay rises and inflation compensation payments, administration expenses fell by 2.3% to € 70.6 million (2022/23: € 72.2 million). At 4.8%, the **administration expense ratio** [↪ **Brief Glossary** on Page 8] was slightly higher than the previous year's figure (4.7%), with this being due to the reduction in sales.
- Earnings before interest, taxes, depreciation, and amortization (**EBITDA**) [↪ **Brief Glossary** on Page 9] grew by 2.0% to € 104.0 million in the third quarter of 2023/24 (2022/23: € 102.0 million).
- The HORNBACH Group's operating earnings (**EBIT**) increased to € 49.5 million (2022/23: € 48.9 million). This figure includes positive non-operating earnings items totaling € 1.4 million (2022/23: € 0 million). These result from disposal gains from the sale of a piece of land (HORNBACH Baumarkt Subgroup) and impairment losses recognized on right-of-use assets (HORNBACH Baustoff Union Subgroup). The Group's EBIT adjusted to exclude non-operating earnings items (adjusted EBIT) [↪ **Brief Glossary** on Page 8] amounted to € 48.1 million and thus fell only slightly (-1.7%) short of the previous year's figure (€ 48.9 million).
- **Net financial expenses** improved from minus € 12.3 million to minus € 9.7 million. This resulted on the one hand from an improvement in currency items from minus € 0.3 million to plus € 1.1 million. On the other hand, due to higher interest income the interest result moved from minus € 12.0 million to minus € 10.8 million.

- Consolidated earnings before taxes (EBT) [[Brief Glossary](#) on Page 9] for the quarter under report rose year-on-year by 8.5% to € 39.7 million (2022/23: € 36.6 million).
- **Consolidated net income** including minority interests increased to € 29.3 million (2022/23: € 26.7 million). Third-quarter **earnings per share** amounted to € 1.76 (2022/23: € 1.71).

9 months 2023/24 (March 1 to November 30, 2023)

At € 251.5 million, the HORNBACH Group's **EBIT** in 9M 2023/24 fell 22.6% short of the previous year's figure (2022/23: € 324.8 million). The earnings performance in the nine-month period was largely influenced by the subdued start to the spring season in Q1 on account of weather conditions. We have gradually improved the earnings performance in subsequent quarters.

The company reported non-operating charges on earnings of € 17.9 million (2022/23: € 1.5 million). These include impairment losses of € 23.2 million recognized on right-of-use assets, real estate, and software (2022/23: € 1.7 million) and write-ups to right-of-use assets and disposal gains totaling € 5.3 million (2022/23: € 0.2 million). The write-downs mainly result from the impairment test performed as of August 31, 2023 to account for changes in underlying conditions. EBIT adjusted to exclude non-operating earnings items (**adjusted EBIT**) declined by 17.4% to € 269.4 million (2022/23: € 326.3 million). The adjusted EBIT margin stood at 5.5% (2022/23: 6.5%).

Cumulative **net financial expenses** decreased from minus € 27.6 million to minus € 37.0 million. This was due to the change in currency items from plus € 6.9 million to minus € 2.5 million. As in the previous year, the interest result amounted to minus € 34.5 million. At € 214.5 million, **consolidated earnings before taxes (EBT)** were 27.8% lower than the previous year's figure (€ 297.2 million). Based on a tax rate of 24.0% (2022/23: 24.6%), **consolidated net income** including minority interests declined to € 162.9 million (2022/23: € 224.0 million). Cumulative **earnings per Holding share** amounted to € 9.59 (2022/23: € 13.08).

Earnings performance in first 9 months of 2023/24 by segment

Operating earnings (EBIT) in the **HORNBACH Baumarkt AG Subgroup** segment stood at € 210.2 million in 9M 2023/24 (2022/23: € 276.9 million). The Subgroup posted non-operating earnings items of € 21.3 million (2022/23: € 2.3 million), which mainly resulted from impairment losses on right-of-use assets. At € 231.5 million, adjusted EBIT fell 17.1% short of the previous year's figure (€ 279.2 million). The adjusted EBIT margin decreased year-on-year from 6.0% to 5.0%.

In the **HORNBACH Baustoff Union GmbH Subgroup** segment, EBIT for the 9M period fell to € 7.8 million (2022/23: € 18.3 million). This is chiefly the result of lower sales due to developments in the construction sector, as well as to a lower gross margin. The Subgroup reported non-operating earnings items of € 0.5 million in Q3 resulting from impairment losses on right-of-use assets. The Subgroup's adjusted EBIT therefore amounted to € 8.3 million (2022/23: € 18.3 million).

EBIT in the **HORNBACH Immobilien AG Subgroup** segment amounted to € 48.6 million in the 9M period (2022/23: € 43.8 million). No non-operating earnings items arose in the period under report (2022/23: disposal gains of € 0.2 million). Adjusted EBIT therefore corresponds to EBIT in 9M 2023/24; at € 48.6 million, this key figure was 11.5% higher than in the previous year (€ 43.5 million), with this increase being driven by higher rental income due to inflation and the Group's expansion, as well as by lower operating expenses.

Financial and asset position

The **cash flow from operating activities** decreased from € 278.6 million to € 236.9 million in the first nine months of 2023/24. The change in working capital resulted in an outflow of € 98.3 million (2022/23: outflow of € 111.1 million), which mainly resulted from liabilities to suppliers in particular being reduced in the first quarter. The cash flow was positively influenced, by contrast, by ongoing reductions in inventories. Due to the lower level of consolidated net income, funds from operations (cash flow from operating activities excluding working capital effects) decreased from € 389.7 million to € 335.2 million.

The **outflow of funds for investing activities** amounted to € 170.4 million (2022/23: € 154.3 million). This figure includes cash-effective **capital expenditure** of € 149.2 million (2022/23: € 158.6 million), of which around 43% was channeled into land and

buildings and 35% into plant and office equipment at new and existing stores. Furthermore, an amount of € 30 million was invested in short-term fixed deposits (2022/23: € 0 million).

The **outflow of funds for financing activities** came to € 171.7 million in the first nine months (2022/23: € 106.3 million). This figure mainly comprises dividend payments of € 40.6 million (2022/23: € 41.0 million), inflows of € 77.3 million from taking up financial loans (2022/23: € 245.0 million), outflows of € 104.5 million for repayments of financial loans (2022/23: € 22.4 million), and outflows of € 81.0 million for the repayment of current and non-current lease liabilities (2022/23: € 77.6 million). After the dividend, the free cash flow (excluding fixed-term deposits) [[↪ Brief Glossary on Page 9](#)] amounted to € 55.9 million (2022/23: € 83.4 million). Information about the financing and investing activities of the HORNBACH Group can be found in the cash flow statement on Page 14.

Total assets decreased to € 4,407.4 million as of November 30, 2023, down 6.7% compared with the balance sheet date on February 28, 2023. This was principally due to scheduled reductions in inventories (€ -251.8 million) and the settlement of liabilities. Shareholders' equity as posted in the balance sheet rose to € 1,988.0 million, up 4.8% on the previous balance sheet date. The **equity ratio** [[↪ Brief Glossary on Page 9](#)] rose to 45.1% (February 28, 2023: 40.1%) and remains at a high level. **Net financial debt** [[↪ Brief Glossary on Page 9](#)] including current and non-current lease liabilities pursuant to IFRS 16 decreased to € 1,329.5 million, down from € 1,343.3 million at the previous balance sheet date. Excluding current and non-current lease liabilities pursuant to IFRS 16, the Group reported net financial debt of € 464.1 million as of November 30, 2023 (February 28, 2023: € 415.9 million).

On November 16, 2023, the rating agency S&P Global Ratings confirmed the credit rating of HORNBACH Baumarkt AG at BB+. The outlook was amended from stable to negative.

Other Disclosures

Employees

A total of 24,903 employees were in fixed employment at the HORNBACH Holding AG & Co. KGaA Group as of the reporting date on November 30, 2023 (February 28, 2023: 25,118).

Statement of figures

Figures have been rounded up or down to the nearest million euro amount. Such rounding up or down may result in minor discrepancies between the various presentations. Percentages have been calculated on the basis of thousand euro figures.

Forecast Business Performance in 2023/24

Expansion

No new store openings are scheduled for the fourth quarter of 2023/24. The HORNBACH Baumarkt AG Subgroup is therefore expected to operate a total of 171 locations at the end of the financial year on February 29, 2024 (February 28, 2023: 171), of which 73 locations in Other European Countries.

Sales and earnings guidance

The amended full-year sales and earnings guidance for 2023/24 published on September 15, 2023 has been confirmed. Based on the nine-month results, the company expects sales to fall slightly short of the previous year's figure of € 6,263 million. Adjusted EBIT (2022/23: € 290.1 million) is expected to reach the middle to lower end of the range published on September 15 (-10% to -25%).

Brief Glossary of Key Performance Figures

In this Quarterly Statement we also refer to the following key performance figures that are not defined under IFRS to comment on our asset, financial, and earnings situation. These figures should also be viewed in the overall context of the information published in the Annual Report concerning the Group's management system.

Sales	Sales are the central management figure for the operating business and the key indicator of our success. The sales performance is reported in euros as net sales (excluding sales tax). Sales generated in countries outside the euro area in the period under report are translated using the relevant average exchange rate. Sales are a major key figure referred to when calculating the one-year variable remuneration for members of the Board of Management.
Adjusted EBIT	Adjusted EBIT (adjusted earnings before interest and taxes) is the Group's most important earnings figure. This corresponds to earnings before interest and taxes (EBIT) adjusted to exclude non-operating earnings items. The elimination of non-operating earnings items involves adding non-operating expenses (e.g. impairment losses on right-of-use assets, properties, or advertising-related assets) and deducting non-operating income (e.g. income from disposals of properties, income from write-ups of assets impaired in previous years). Adjusted EBIT is therefore particularly useful for management purposes and for comparing the operating earnings performance over time or in forecasts.
Like-for-like sales net of currency items (change in %)	The rate of change in like-for-like sales net of currency items serves to indicate the organic growth in our retail activities (stationary stores and online shops). The calculation of like-for-like sales is based on all DIY stores with garden centers that have been in operation for at least twelve months and on sales in the online business. By contrast, no account is taken of stores newly opened, closed, or subject to substantial conversion work in the past twelve months. Like-for-like sales are calculated without sales tax (net) and based on the local currency for the reporting period under comparison (currency-adjusted). In addition, we also calculate like-for-like sales on a euro basis and including currency items in the non-euro countries within our European store network.
Gross margin	The development in the gross margin offers information about our gross trading performance. This margin is defined as gross profit (net balance of sales and cost of goods sold) as a percentage of net sales. The gross margin is chiefly influenced by developments in procurement and retail prices, changes in the product mix, and currency items resulting from international procurement.
Cost ratios	The store expense ratio corresponds to selling and store expenses divided by net sales. Selling and store expenses involve those costs incurred in connection with operating stationary DIY stores with garden centers and online shops. These mainly involve personnel expenses, costs of premises and advertising expenses, as well as depreciation and amortization. Moreover, this item also includes general operating expenses, such as transport costs and expenses for maintenance and upkeep. The pre-opening expense ratio is obtained by dividing pre-opening expenses by net sales. Pre-opening expenses relate to those expenses arising at or close to the time of the construction up to the opening of new stationary DIY stores with garden centers. Pre-opening expenses mainly consist of personnel expenses, costs of premises, and administration expenses. The administration expense ratio corresponds to the quotient of administration expenses and net sales. General and administration expenses include all costs incurred by administration departments in connection with the operation or construction of stationary DIY stores with garden centers and with the development and operation of online retail (e-business) which cannot be directly allocated to such. They mainly consist of personnel expenses, legal and advisory expenses, depreciation and amortization, costs of premises, and IT, travel and vehicle expenses. As well as purely administrative expenses, these expenses also include project-related expenses, and in particular expenses for digitalization and interconnected retail.

EBITDA	EBITDA stands for earnings before interest, taxes, depreciation, amortization and write-ups. EBITDA is calculated on the basis of EBIT and by adding depreciation and amortization recognized through profit and loss on property, plant and equipment, right-of-use assets, and intangible assets and subtracting any write-ups recognized through profit or loss on these items. This neutralizes any distortive effects resulting from different methods of depreciation and amortization and from discretionary valuation scope.
EBIT	EBIT , which stands for earnings before interest and taxes, is calculated on the basis of gross profit in euros and by subtracting expenses (store, pre-opening, and administration expenses) and adding other income/expenses. Due to its independence from different forms of financing and tax systems, EBIT is referred to when comparing earnings with those at other companies.
EBT	EBT refer to earnings before taxes in the period under report. This key figure is independent of different management systems but also includes interest items. EBT is a major key figure referred to when calculating the one-year variable remuneration for members of the Board of Management.
Equity ratio	The equity ratio presents shareholders' equity as a percentage of total capital (total assets). To safeguard its financial stability and independence, HORNBACH basically aims to maintain an equity ratio that is permanently stable and high by sector standards. HORNBACH has entered into covenants towards certain debt providers that require the company to maintain an equity ratio of at least 25 %.
Net financial debt	Net financial debt is calculated as total current and non-current financial debt (including lease liabilities) less cash and cash equivalents and – where applicable – less current financial assets (financial investments).
Capital expenditure and free cash flow (FCF)	In managing its financial and asset position, the HORNBACH Holding AG & Co. KGaA Group pursues the objective of safeguarding the Group's liquidity at all times and covering the financing requirements for the Group's sustainable growth at the least possible expense. Other key management figures relevant in this respect include cash-effective capital expenditure on land, buildings, plant and office equipment for new and existing DIY stores with garden centers, and intangible assets. Here, we aim to finance capital expenditure wherever possible from the cash flow from operations to enable a free cash flow (FCF) to be generated. The FCF is calculated as the cash flow from operations plus proceeds from disposals of non-current assets and less capital expenditure and dividends paid.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	Q3 2023/24	Q3 2022/23	Change in %	9M 2023/24	9M 2022/23	Change in %
Sales	1,485.2	1,546.3	(4.0)	4,926.5	5,009.7	(1.7)
Cost of goods sold	989.4	1,045.8	(5.4)	3,283.6	3,342.0	(1.7)
Gross profit	495.8	500.5	(0.9)	1,642.9	1,667.6	(1.5)
Selling and store expenses	379.9	380.9	(0.3)	1,182.5	1,147.2	3.1
Pre-opening expenses	0.9	1.3	(31.4)	4.6	4.0	16.6
General and administration expenses	70.6	72.2	(2.3)	218.9	204.6	7.0
Other income and expenses	5.1	2.8	80.4	14.6	13.0	12.4
Earnings before interest and taxes (EBIT)	49.5	48.9	1.2	251.5	324.8	(22.6)
Interest and similar income	3.1	0.7	>100	6.7	2.6	>100
Interest and similar expenses	13.9	12.7	9.6	41.2	37.1	11.1
Other financial result	1.1	(0.3)	>100	(2.5)	6.9	>100
Net financial expenses	(9.7)	(12.3)	(20.6)	(37.0)	(27.6)	34.0
Consolidated earnings before taxes	39.7	36.6	8.5	214.5	297.2	(27.8)
Taxes on income	10.4	10.0	4.8	51.6	73.2	(29.6)
Consolidated net income	29.3	26.7	9.9	162.9	224.0	(27.3)
of which: income attributable to shareholders	28.0	27.2	3.0	153.2	209.1	(26.7)
of which: non-controlling interests	1.3	(0.5)	>100	9.7	14.9	(35.2)
Basic/diluted earnings per share (€)	1.76	1.71	3.0	9.59	13.08	(26.7)

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

Balance Sheet

Assets	November 30, 2023		February 28, 2023	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	27.8	0.6	24.3	0.5
Property, plant, and equipment	1,840.1	41.8	1,806.1	38.2
Investment property	26.1	0.6	25.9	0.5
Right-of-use assets	741.7	16.8	819.6	17.3
Financial assets	0.2	0.0	0.2	0.0
Other non-current receivables and assets	6.9	0.2	6.8	0.1
Deferred tax assets	41.1	0.9	35.1	0.7
	2,683.9	60.9	2,718.0	57.5
Current assets				
Inventories	1,130.5	25.7	1,382.3	29.3
Current financial assets	30.5	0.7	0.0	0.0
Trade receivables	60.5	1.4	57.2	1.2
Contract assets	1.6	0.0	2.0	0.0
Other current assets	130.5	3.0	105.4	2.2
Income tax receivables	38.6	0.9	20.9	0.4
Cash and cash equivalents	331.3	7.5	437.0	9.2
Non-current assets held for sale and disposal groups	0.0	0.0	2.9	0.1
	1,723.5	39.1	2,007.8	42.5
	4,407.4	100.0	4,725.8	100.0

Equity and liabilities	November 30, 2023		February 28, 2023	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	48.0	1.1	48.0	1.0
Capital reserve	130.5	3.0	130.5	2.8
Revenue reserves	1,705.4	38.7	1,596.9	33.8
Equity of shareholders of HORNBACH HOLDING AG & Co. KGaA	1,883.8	42.7	1,775.4	37.6
Non-controlling interests	104.1	2.4	121.7	2.6
	1,988.0	45.1	1,897.1	40.1
Non-current liabilities				
Non-current financial debt	599.3	13.6	552.1	11.7
Non-current lease liabilities	765.0	17.4	826.6	17.5
Pensions and similar obligations	5.3	0.1	0.1	0.0
Deferred tax liabilities	32.3	0.7	33.6	0.7
Other non-current liabilities	52.0	1.2	50.0	1.1
	1,453.9	33.0	1,462.5	30.9
Current liabilities				
Current financial debt	226.6	5.1	300.7	6.4
Current lease liabilities	100.4	2.3	100.8	2.1
Trade payables	276.2	6.3	384.7	8.1
Liabilities for reverse factoring program	0.0	0.0	250.0	5.3
Contract liabilities	41.0	0.9	49.5	1.0
Other current liabilities	154.9	3.5	116.6	2.5
Income tax liabilities	50.0	1.1	35.2	0.7
Other provisions and accrued liabilities	116.5	2.6	128.7	2.7
	965.5	21.9	1,366.2	28.9
	4,407.4	100.0	4,725.8	100.0

Statement of Changes in Equity

9M 2022/23 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share- holders	Non- controlling interests	Total Group equity
Balance at March 1, 2022	48.0	130.4	(0.3)	35.8	1,416.5	1,630.3	131.0	1,761.3
Consolidated net income					209.1	209.1	14.9	224.0
Actuarial gains and losses on defined benefit plans, net after taxes					8.8	8.8	0.8	9.6
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.3			0.3	0.0	0.3
Exchange differences arising on the translation of foreign subsidiaries				12.2		12.2	1.2	13.5
Total comprehensive income	0.0	0.0	0.3	12.2	217.9	230.4	16.9	247.3
Dividend distribution					(38.4)	(38.4)	(2.6)	(41.0)
Treasury stock transactions					(0.5)	(0.5)	0.0	(0.5)
Acquisition of shares of a subsidiary without change of control					1.3	1.3	(20.7)	(19.4)
Balance at November 30, 2022	48.0	130.4	0.0	48.0	1,596.7	1,823.1	124.7	1,947.8

9M 2023/24 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share- holders	Non- controlling interests	Total Group equity
Balance at March 1, 2023	48.0	130.5	0.0	53.6	1,543.3	1,775.4	121.7	1,897.1
Consolidated net income					153.2	153.2	9.7	162.9
Actuarial gains and losses on defined benefit plans, net after taxes					(4.6)	(4.6)	(0.3)	(5.0)
Measurement of derivative financial instruments (cash flow hedge), net after taxes						0.0		0.0
Exchange differences arising on the translation of foreign subsidiaries				(2.9)		(2.9)	0.0	(2.9)
Total comprehensive income	0.0	0.0	0.0	(2.9)	148.6	145.7	9.4	155.1
Dividend distribution					(38.4)	(38.4)	(2.2)	(40.6)
Treasury stock transactions	0.0				(0.7)	(0.8)	0.0	(0.8)
Acquisition of shares of a subsidiary without change of control				1.1	0.9	2.0	(24.7)	(22.8)
Balance at November 30, 2023	48.0	130.5	0.0	51.7	1,653.7	1,883.8	104.1	1,987.9

Cash Flow Statement

€ million	9M 2023/24	9M 2022/23
Consolidated net income	162.9	224.0
Depreciation and amortization of property, plant, and equipment and intangible assets	87.1	79.8
Depreciation of right-of-use assets	99.7	82.0
Change in provisions	2.7	1.1
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(3.7)	(0.8)
Change in inventories, trade receivables, and other assets	226.2	(95.3)
Change in trade payables and other liabilities	(324.5)	(15.8)
Other non-cash income/expenses	(13.5)	3.6
Cash flow from operating activities	236.9	278.6
Proceeds from disposal of non-current assets and of non-current assets held for sale	8.8	4.3
Payments for investments in property, plant, and equipment	(116.8)	(146.1)
Payments for investments in intangible assets	(10.3)	(12.6)
Payments for securities and money investments	(30.0)	0.0
Payments for acquisitions of shareholdings and other business units	(22.0)	0.0
Cash flow from investing activities	(170.4)	(154.3)
Dividends paid	(40.6)	(41.0)
Proceeds from taking up long-term debt	77.3	245.0
Repayment of long-term debt	(104.5)	(22.4)
Repayment of current and non-current lease liabilities	(81.0)	(77.6)
Payments for transaction costs	0.0	(0.3)
Change in level of shareholding in subsidiary with no change in control	(22.8)	(210.0)
Cash flow from financing activities	(171.7)	(106.3)
Cash-effective change in cash and cash equivalents	(105.3)	18.0
Change in cash and cash equivalents due to changes in exchange rates	(1.1)	1.5
Cash and cash equivalents at March 1	427.1	332.3
Cash and cash equivalents at November 30	320.7	351.7

Segment Reporting

9M 2023/24 in € million 9M 2022/23 in € million	HORNBACH Baumarkt AG Subgroup	HORNBACH Baustoff Union GmbH Subgroup	HORNBACH Immobilien AG Subgroup	Central Functions	Consolidation adjustments	HORNBACH HOLDING AG & Co. KGaA Group
Segment sales	4,608.7	317.2	66.7	0.0	(66.0)	4,926.5
	4,667.1	343.2	61.4	0.0	(62.1)	5,009.7
Sales to third parties	4,607.5	316.3	0.0	0.0	0.0	4,923.8
	4,666.0	341.1	0.0	0.0	0.0	5,007.1
Sales to affiliated companies	0.0	0.8	0.0	0.0	(0.8)	0.0
	0.0	2.1	0.0	0.0	(2.1)	0.0
Rental income from third parties	1.1	0.1	1.5	0.0	0.0	2.7
	1.1	0.1	1.4	0.0	0.0	2.6
Rental income from affiliated companies	0.0	0.0	65.2	0.0	(65.2)	0.0
	0.0	0.0	60.1	0.0	(60.1)	0.0
EBIT	210.2	7.8	48.6	(4.5)	(10.6)	251.5
	276.9	18.3	43.8	(4.2)	(9.8)	324.8
Depreciation and amortization	214.0	8.1	13.0	0.0	(51.2)	183.9
	189.5	7.3	12.9	0.0	(47.9)	161.8
Segment earnings (adjusted EBIT)	231.5	8.3	48.6	(4.5)	(14.5)	269.4
	279.2	18.3	43.5	(4.2)	(10.4)	326.3
EBITDA	424.2	15.9	61.6	(4.5)	(61.8)	435.4
	466.4	25.5	56.7	(4.2)	(57.7)	486.6
Segment assets	4,081.6	236.1	470.7	2.3	(463.0)	4,327.6
	4,193.6	254.9	452.3	22.3	(438.0)	4,485.1

Reconciliation in € million	9M 2023/24	9M 2022/23
Segment earnings (adjusted EBIT)	269.4	326.3
Non-operating items	(17.9)	(1.5)
Net financial expenses	(37.0)	(27.6)
Consolidated earnings before taxes	214.5	297.2

FINANCIAL CALENDAR

March 26, 2024	Trading Statement FY 2023/24 as of February 29, 2024
May 22, 2024	Annual Report 2023/24 as of February 29, 2024 Annual Results Press Conference for Financial Year 2023/24 Analysts' Conference of HORNBACH Holding AG & Co. KGaA
June 25, 2024	Financial Update: 1 st Quarter of 2024/25 as of May 31, 2024
July 5, 2024	Annual General Meeting of HORNBACH Holding AG & Co. KGaA

Updates at: <https://www.hornbach-holding.de/en/investor-relations/financial-calendar>

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